



SALT LAKE CITY TRANSMITTAL

To:
Salt Lake City Council Chair

Submission Date:
02/11/2025

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From:

Department*
Finance

Employee Name:
Najarro, Andrea

E-mail
andrea.najarro@slc.gov

Department Director Signature

Mary Beth Thompson

Chief Administrator Officer's Signature

Jill Love

Director Signed Date
02/11/2025

Chief Administrator Officer's Signed Date
02/11/2025

Subject:
Salt Lake City - Single Audit & Compliance Reports - 2024

Additional Staff Contact:
Mary Beth Thompson - marybeth.thompson@slc.gov
Suzanne Swanson - suzanne.swanson@slc.gov

Presenters/Staff Table
Mary Beth Thompson - marybeth.thompson@slc.gov
Suzanne Swanson - suzanne.swanson@slc.gov

Document Type
Information Item

Budget Impact?
☐ Yes
☒ No

Recommendation:
The Council will receive a briefing from the Administration and the external auditors, Eide Bailly.

Background/Discussion
Please see the attachments.

Will there need to be a public hearing for this item? *
☐ Yes
☒ No

Public Process
N/A

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Federal Awards Reports in Accordance with the Uniform
Guidance and State of Utah Compliance Report
June 30, 2024

Salt Lake City Corporation

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**Independent Auditor's Report on Internal Control over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial Statements Performed in
Accordance with *Government Auditing Standards***

The Honorable Mayor and Members of the City Council
Salt Lake City Corporation
Salt Lake City, Utah

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Salt Lake City Corporation, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise Salt Lake City Corporation's basic financial statements and have issued our report thereon dated February 10, 2025.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Salt Lake City Corporation's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Salt Lake City Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of Salt Lake City Corporation's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Salt Lake City Corporation's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We identified certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned costs as items 2024-001 and 2024-002 that we consider to be material weaknesses.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Salt Lake City Corporation's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Salt Lake City Corporation's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on Salt Lake City Corporation's responses to the findings identified in our audit and described in the accompanying Schedule of Findings and Questioned Costs. Salt Lake City Corporation's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Salt Lake City Corporation's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Salt Lake City Corporation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Erik Bailly LLP". The signature is written in a cursive, flowing style.

Salt Lake City, Utah
February 10, 2025



**Independent Auditor's Report on Compliance and Report on Internal Control over
Compliance as Required by the *State Compliance Audit Guide***

To the Honorable Mayor and Members of the City Council
Salt Lake City Corporation
Salt Lake City, Utah

Report on Compliance with State Requirements

Qualified and Unmodified Opinions

We have audited Salt Lake City Corporation's compliance with the following applicable state compliance requirements described in the *State Compliance Audit Guide*, issued by the Office of the State Auditor, for the year ended June 30, 2024.

Budgetary Compliance
Fund Balance
Justice Court
Restricted Taxes and Other Related Restricted Revenue
Fraud Risk Assessment
Government Fees
Cash Management
Enterprise Fund Transfers, Reimbursements, Loans, and Services
Tax Levy Revenue Recognition

Qualified Opinion on Cash Management

In our opinion, except for the noncompliance described in the Basis for Qualified and Unmodified Opinions section of our report, Salt Lake City Corporation complied, in all material respects, with the state compliance requirements referred to above that could have a direct and material effect on Salt Lake City Corporation's compliance with the applicable regulations and statutes for the year ended June 30, 2024.

Unmodified Opinion on Each of the Other State Compliance Requirements

In our opinion, Salt Lake City Corporation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on Salt Lake City Corporation's compliance with applicable regulations and statutes for the year ended June 30, 2024.

Basis for Qualified and Unmodified Opinions

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing*

Standards); and the audit requirements outlined in the *State Compliance Audit Guide* (Guide), issued by the Office of the State Auditor. Our responsibilities under those standards and the Guide are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report. We are required to be independent of Salt Lake City Corporation and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the requirements identified above. Our audit does not provide a legal determination of Salt Lake City Corporation's compliance with the compliance requirements referred to above.

Matter Giving Rise to Qualified Opinion on Cash Management

As described in the accompanying Schedule of Findings and Questioned Costs as item 2024-003, Salt Lake City Corporation did not comply with the requirements regarding Cash Management.

Compliance with such requirements is necessary, in our opinion, for Salt Lake City Corporation to comply with the requirements applicable to Cash Management.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Salt Lake City Corporation's government programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Salt Lake City Corporation's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Guide will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Salt Lake City Corporation's compliance with the requirements of the government program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Guide, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Salt Lake City Corporation's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- Obtain an understanding of the Salt Lake City Corporation's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the State Compliance Audit Guide but not for the purpose of expressing an opinion on the effectiveness of Salt Lake City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

The results of our auditing procedures disclosed other instances of noncompliance, which are required to be reported in accordance with the Guide and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2024-004. Our opinion on each compliance requirement referred to above is not modified with respect to these matters.

Government Auditing Standards require the auditor to perform limited procedures on the Salt Lake City Corporation's response to the noncompliance findings identified in our audit described in the accompanying Schedule of Findings and Questioned Costs. Salt Lake City Corporation's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report On Internal Control over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be a material weakness.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2024-003 and 2024-004 to be material weaknesses.

Government Auditing Standards requires the auditor to perform limited procedures on the Salt Lake City Corporation's response to the noncompliance findings identified in our compliance audit described in the accompanying schedule of findings. Salt Lake City Corporation's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control and compliance and the results of that testing based on the requirements of the Guide. Accordingly, this report is not suitable for any other purpose.

Eide Bailly LLP

Salt Lake City, Utah
February 10, 2025



**Independent Auditor's Report on Compliance for Each Major Federal Program;
Report on Internal Control Over Compliance; and Report on the Schedule of Expenditures
of Federal Awards Required by the Uniform Guidance**

The Honorable Mayor and Members of the City Council
Salt Lake City Corporation
Salt Lake City, Utah

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Salt Lake City Corporation's compliance with the types of compliance requirements subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of Salt Lake City Corporation's major federal programs for the year ended June 30, 2024. Salt Lake City Corporation's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, Salt Lake City Corporation complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Salt Lake City Corporation and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Salt Lake City Corporation's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to Salt Lake City Corporation's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Salt Lake City Corporation's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Salt Lake City Corporation's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Salt Lake City Corporation's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Salt Lake City Corporation's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Salt Lake City Corporation's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities, the business-type activities, the aggregately discretely presented component units, each major fund, and the aggregate remaining fund information of Salt Lake City Corporation as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise Salt Lake City Corporation's basic financial statements. We issued our report thereon dated February 10, 2025, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.



Salt Lake City, Utah
February 10, 2025

Salt Lake City Corporation
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2024

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing	Pass-through Entity Identifying Number	Expenditures	Amounts Passed- Through to Subrecipients
Department of Agriculture				
Passed through Utah State Office of Education Child and Adult Care Food Program	10.558	Not provided	25686	2947
Total Department of Agriculture			25,686	2,947
Department of Housing and Urban Development				
CDBG - Entitlement Grants Cluster				
Community Development Block Grants/Entitlement Grants	14.218	N/A	4,575,999	1,996,616
Total CDBG - Entitlement Grants Cluster			4,575,999	1,996,616
Emergency Solutions Grant Program	14.231	N/A	272,210	272,210
COVID-19 Emergency Solutions Grant Program	14.231	N/A	242,651	242,651
Total Emergency Solutions Grant Program			514,861	514,861
HOME Investments Partnership Program	14.239	N/A	1,797,671	1,794,527
Housing Opportunities for Persons With HIV/AIDS	14.241	N/A	751,766	751,766
Total Department of Housing and Urban Development			7,640,297	5,057,770

Salt Lake City Corporation
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2024

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing	Pass-through Entity Identifying Number	Expenditures	Amounts Passed- Through to Subrecipients
Department of Justice				
Passed through Utah State Office for Victims of Crime Crime Victim Assistance	16.575	23/24VOCA32	\$ 174,067	\$ -
Public Safety Partnership and Community Policing Grants	16.710	N/A	325,638	-
Edward Byrne Memorial Justice Assistance Grant Program	16.738	N/A	<u>293,812</u>	<u>104,462</u>
Total Department of Justice			<u>793,517</u>	<u>104,462</u>
Department of Transportation				
Airport Improvement Program	20.106	N/A	100,235,925	-
Passed through Utah Department of Transportation				
Highway Planning and Construction (Federal-Aid Highway Program)	20.205	N/A	732,298	732,298
Highway Planning and Construction (Federal-Aid Highway Program)	20.205		<u>10,500</u>	<u>10,500</u>
Total Highway Planning and Construction (Federal-Aid Highway Program)			<u>742,798</u>	<u>742,798</u>
Total Department of Transportation			<u>100,978,723</u>	<u>742,798</u>
Department of Treasury				
COVID-19 Emergency Rental Assistance 2	21.023	N/A	167,590	17,474
COVID-19 Coronavirus State and Local Fiscal Recovery Fund	21.027	N/A	<u>7,173,020</u>	<u>372,640</u>
Total Department of Treasury			<u>7,340,610</u>	<u>390,114</u>

Salt Lake City Corporation
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2024

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing	Pass-through Entity Identifying Number	Expenditures	Amounts Passed- Through to Subrecipients
Environmental Protection Agency				
Climate Pollution Reduction Grants	66.046	N/A	122,226	122,226
Water Infrastructure Finance and Innovation	66.958	N/A	13,112,999	-
Total Environmental Protection Agency			13,235,225	122,226
Department of Health and Human Services				
477 Cluster				
Passed through from Utah Department of Workforce Services				
Temporary Assistance for Needy Families	93.558	23-DWS-0306	316,582	-
Temporary Assistance for Needy Families	93.558	24-DWS-0191	323,827	-
Temporary Assistance for Needy Families	93.558	24-DWS-0205	344,519	-
Total Temporary Assistance for Needy Families			984,928	-
Child Care and Development Block Grant	93.575	23-DWS-0061	36,214	-
Child Care and Development Block Grant	93.575	23-DWS-0251	381,583	-
Total Child Care and Development Block Grant			417,797	-
Total 477 Cluster			1,402,725	-
Office of Refugee Resettlement	93.566	23-DWS-0350	56,568	56,568
Total Department of Health and Human Services			1,459,293	56,568

Salt Lake City Corporation
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2024

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing	Pass-through Entity Identifying Number	Expenditures	Amounts Passed- Through to Subrecipients
Executive Office of the President				
High Intensity Drug Trafficking Areas Program	95.001	N/A	544,246	0
Total Executive Office of the President			544,246	-
Department of Homeland Security				
Passed through Utah Department of Public Safety Emergency Management Performance Grants	97.042	DEM-EMPG-2022-021	37,126	37,126
Passed through Federal Emergency Management Agency Assistance to Firefighters Grant	97.044	2022-FP-00071	57,558	-
Passed through Utah Department of Public Safety Pre-Disaster Mitigation	97.047	EMD-2019-PC-0006	829,495	829,495
Pre-Disaster Mitigation	97.047	PDMC-PJ-08-UT-2018-001	273,527	273,527
Pre-Disaster Mitigation	97.047	PDMC-PJ-08-UT-2019-016	1,778	-
Total Pre-Disaster Mitigation			1,104,800	1,103,022
National Explosives Detection Canine Team Program	97.072	N/A	84,167	-
Law Enforcement Personnel Reimbursement Agreement	97.090	N/A	132,676	-
Total Department of Homeland Security			1,416,327	1,140,148
Total Federal Financial Assistance			\$ 133,433,924	\$ 7,617,033

Note 1 – Basis of Presentation

The accompanying schedule of expenditures of federal awards (the schedule) includes the federal award activity of Salt Lake City Corporation under programs of the federal government for the year ended June 30, 2024. The information is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of Salt Lake City Corporation, it is not intended to and does not present the financial position, changes in net position or fund balance, or cash flows of Salt Lake City Corporation.

Note 2 – Summary of Significant Accounting Policies

Expenditures reported in the schedule are reported on the modified accrual basis of accounting, except for subrecipient expenditures, which are recorded on the cash basis. When applicable, such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note 3 – Indirect Cost Rate

Salt Lake City Corporation has not elected to use the 10% de minimis cost rate.

Note 4 – Loan Programs

Expenditures reported under the Water Infrastructure Finance and Innovation program in the schedule consist of the beginning of the year outstanding loan balance plus advances made on the loan during the year. The outstanding balance at June 30, 2024 was \$13,112,999.

Section I – Summary of Auditor’s Results

FINANCIAL STATEMENTS

Type of auditor's report issued	Unmodified
Internal control over financial reporting:	
Material weaknesses identified	Yes
Significant deficiencies identified not considered to be material weaknesses	None Reported
Noncompliance material to financial statements noted?	No

FEDERAL AWARDS

Internal control over major program:	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	None Reported
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance 2 CFR 200.516	No

Identification of major programs:

<u>Name of Federal Program</u>	<u>Federal Financial Assistance Listing</u>
Airport Improvement Program	20.106
Coronavirus State and Local Fiscal Recovery Fund	21.027
Community Development Block Grants	14.218
Dollar threshold used to distinguish between type A and type B programs	\$3,000,000
Auditee qualified as low-risk auditee?	No

Section II – Financial Statement Findings

**2024-001 Account Reconciliation
Material Weakness in Internal Control**

Criteria: Salt Lake City Corporation and its management are responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement in accordance with accounting principles generally accepted in the United States, whether due to fraud or error.

Condition: During the audit we identified multiple account types which were not reconciled in a timely manner and had the possibility of being materially misstated within the financial statements. The materially affected account types include cash, investments, capital assets, and revenues. Additionally, audit adjustments were proposed that impacted accrued compensation, compensation expense, investments, investment income, notes receivable, charges and services expenses, and grants revenue.

Cause: Multiple schedules supporting financial statement balances contained errors leading to inaccurate financial reporting. These issues were not reconciled or reviewed by an appropriate individual prior to the initial financial close or during the financial statement preparation process. The reconciliation process was significantly delayed in the current year due to a change in the Salt Lake City Corporation's financial reporting system, causing the need for new or modified reconciliation procedures.

Effect: If the audit adjustments had not been made, or additional reconciliation procedures were not performed, the financial statements could have material misstatements.

Recommendation: We recommend that management review the process and timing of reconciliation of year end items and continue to improve account reconciliation and review as the Salt Lake City Corporation's employees become more familiar with the new accounting software.

Views of Responsible Officials:

**2024-002 Preparation of the Schedule of Expenditures of Federal Awards
Material Weakness in Internal Control Over Preparation of the Schedule of Expenditures of Federal Awards**

Criteria: Title 2 Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) requires the City to prepare a Schedule of Expenditures of Federal Awards (SEFA) that includes all of the federal awards expended during the year.

Condition: The original SEFA provided to the auditors for major program determination was incorrect for two programs. The Community Development Block Grant awards were originally reported on the cash-basis of accounting on the SEFA. Additionally, the SEFA did not include the loan received under the WIFIA program.

Cause: The City's internal controls related to preparation of the SEFA did not result in proper recording of the two programs.

Effect: The original SEFA provided a balance for CDBG that was materially different from the correct amount. When this was corrected, the CDBG program was determined to be a Type A programs, and CDBG was required to be tested as a major program. The major program determination would have been incorrect.

Recommendation: We recommend that the City enhance internal controls to ensure all program expenditures are appropriately reported on the SEFA.

Views of Responsible Officials: Management agrees with the finding.

Section III – State of Utah Compliance Findings

2024-003

Cash Management

Material Instance of Noncompliance with State Compliance Requirements

Criteria: Under UCA 51-7-15(3) the City is required to file the Deposit and Investment Report with the Money Management Council on or before January 31 or July 31 each year. The report should contain information about the deposits and investments of Salt Lake City Corporation during the preceding six months and should include all deposit and investment accounts held by Salt Lake City Corporation.

Condition: The year-end report did not contain all required deposit and investment accounts, contained duplicate amounts, and was materially incorrect. The report was also filed after the due date on August 1, 2024.

Cause: The City's internal controls related to preparation of the report did not result in proper recording of all deposit and investment accounts.

Effect: The City was not in compliance with UCA 51-7-15(3) in relation to accurate and timely filing of the Deposit and Investment Report.

Recommendation: We recommend that the City review its processes for producing accurate and timely Deposit and Investment Reports.

Views of Responsible Officials: Management agrees with the finding.

2024-004 Budgetary Compliance
Material Instance of Noncompliance with State Compliance Requirements

Criteria: Under UCA 10-6-147 and UCA 10-6-148, the City is required to prepare quarterly financial reports that are reviewed by the governing body.

Condition: No quarterly reports were produced by Salt Lake City Corp during the fiscal year ended June 30, 2024.

Cause: The City's process for producing the quarterly reports was hindered by the transition in accounting software during the year.

Effect: The City was not in compliance with UCA 10-6-147 and UCA 10-6-148 in relation to producing quarterly financial reports.

Recommendation: We recommend that the City review its processes for timely producing of the quarterly financial reports.

Views of Responsible Officials: Management agrees with the finding.

Section IV – Federal Award Findings and Questioned Costs

None

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